



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

THE GERMAN COINAGE ACT OF 1900.

The act of June 1, 1900, makes the first legislative changes in the coinage system of Germany since 1873, and completes the adoption of the gold standard in that country. It provides for the speedy withdrawal of the thaler and its conversion into subsidiary coins by the simple device of an increase of the silver subsidiary coinage from 10 marks per capita to 15 marks.

It was supposed in 1873 that the arrangements then made would lead to the disappearance of the thaler within a few years, and no one could have imagined that a considerable portion of them would still remain in circulation at the end of the century. It will be recalled that the act of 1873 authorized the recoinage of such an amount of the silver coins of the German states as would provide a silver subsidiary coinage for the empire of 10 marks per capita. Before 1879 nearly 380,000,000 marks were taken for that purpose. By the sale of silver in London a further reduction of 673,000,000 was brought about; but, on account of the fall in the price of silver, the German government discontinued its sales in 1879, and they have never been resumed. Since that time the stock of thalers has been reduced only as the growth of population required further additions to the subsidiary coinage to bring it up to the level fixed by law. In this way some 90,000,000 marks have been absorbed in the last twenty years, and the amount of thalers still remaining is generally estimated at about 360,000,000 marks. The law of 1900 now simply hastens a process which was in any case being worked out, though with exceeding slowness. The increase to 15 marks per head of the present population will absorb more than two-thirds of the thalers; and the last of them will be required when the population reaches 62,000,000, which is expected as early as 1910. The increase to 15 marks will be made gradually, the government having fixed upon 30,000,000 as the annual increment until the process of recoinage is completed.

The purpose of the act is clearly not to supply a demand

for small coins which has not hitherto been satisfied. The thaler, or three-mark piece, is obviously quite as convenient for every-day use as the two-mark and five-mark pieces, into which the greater part of the thalers will be recoinced. But the thaler is full legal tender, and for that reason it is regarded as an element of weakness in the German monetary system. It may be questioned, however, whether the withdrawal of the legal tender quality from the silver, while that silver remains in undiminished amount, will add appreciably to the strength of the system. That quantity of small coin which is required in daily transactions will be no source of difficulty, whether it be legal tender or not; while any amount beyond those requirements will not stay in circulation, but will flow back upon banks and governments in their daily receipts. That there is a greater quantity of silver in Germany than is required with the present population is conclusively shown by the mass of silver (amounting to something like 250,000,000 marks) in the vaults of the Reichsbank. The present law creates no new demand for silver, except through the withdrawal of the five-mark gold coin; and that is more than neutralized by the withdrawal of the silver twenty-pfennig piece. Moreover, the silver coinage of the country will ultimately be increased by some 40,000,000 marks under the provisions of the new act. The portion of alloy in the subsidiary coins is about one-ninth greater than in the thaler: hence the 360,000,000 marks in thalers will make about 400,000,000 marks of subsidiary silver. The measure as originally proposed by the government would have reduced the coinage by 35,000,000 marks, provision being made for the sale of the silver left over; but agrarian and bimetallic influences in the Reichstag secured the recoinage of all the thalers and of the "seigniorage" as well. The same influences also added to the act a declaration—similar to that attached to the currency act of 1900 in the United States—that the act was not to be regarded as an obstacle to international bimetalism. The importance of such a declaration may be said to fall far below that which is often associated with the term "academic."

In essentials the new law thus provides for the conversion

of over-valued legal tender coin into over-valued subsidiary coin of nearly the same quantity, and so affords a striking illustration of the excessive importance which is still attributed to the legal tender quality, irrespective of the different functions performed by different kinds of currency.

O. M. W. SPRAGUE.

HARVARD UNIVERSITY.